

Western Mass. Electric Company  
D.T.E. 97-120  
WMECo-IR-1-1  
Witness: Mr. Yoshimura  
Dated: October 9, 1998

WMECo-IR-1-1: Please identify each and every regulatory or judicial proceeding (by stating agency or court, docket number, and state) in which Mr. Yoshimura has participated as a witness or consultant in the last three years and, for each such proceeding, provide:

- a. a copy of any prefiled testimony submitted by Mr. Yoshimura;
- b. a copy of the transcript of the hearing days during which Mr. Yoshimura was examined;
- c. a copy of the relevant decision(s) of the agency or court before which such testimony was given, where the term "relevant" includes at a minimum any decision(s) regarding the matters to which Mr. Yoshimura's testimony related, whether or not Mr. Yoshimura was mentioned by name in such decision.
- d. a copy of any decision by any other state or federal court relating to the decisions identified in response to c., above, including appeals, court decisions or court decisions resulting from any collateral attack on the decision(s) identified in response to c., above.

RESPONSE:

- a. Attached to this response is a table that summarizes the requested information. A copy of prefiled testimony and/or reports have been attached.
- b. Copies of transcripts with respect to my oral testimony before the Department of Telecommunication and Energy (formerly the Department of Public Utilities) in D.P.U. 96-100 have been attached. However, I do not have copies of the transcripts of the hearing days during which I was examined with respect to any other proceeding listed in the table submitted in response to (a) above.
- c. I do not have copies of relevant decisions as requested with the exception of several Orders issued by the Massachusetts DTE in D.P.U. 96-100. These are voluminous and are most likely in the possession of the parties in this proceeding. Such Orders can also be obtained directly from the DTE. As to decisions of the New Hampshire Public Utilities Commission and subsequent court decisions concerning Public Service Company of New Hampshire, the Company's parent, Northeast Utilities, and an affiliate company were parties to those proceedings. Thus, I am sure WMECo has ready access to such documents.
- d. I do not have the requested information in my possession.

Western Mass. Electric Company  
D.T.E. 97-120  
WMECo-IR-1-2  
Witness: Mr. Yoshimura  
Dated: October 9, 1998

WMECo-IR-1-2: Please identify each and every regulatory or judicial proceeding (by stating agency or court, and docket number) that has taken place in New Hampshire at any point in time in which Mr. Yoshimura has participated as a witness or consultant and, for each such proceeding, provide:

- a a copy of any prefiled testimony submitted by Mr. Yoshimura;
- b a copy of the transcript of the hearing days during which Mr. Yoshimura was examined;
- c a copy of the relevant decision(s) of the agency before which such testimony was given, where the term "relevant" includes at a minimum any decision regarding the matters to which Mr. Yoshimura's testimony related, whether or not Mr. Yoshimura was mentioned by name in such decision.
- d a copy of any decision by any other state or federal court relating to the decisions identified in response to c., above, including appeals court decisions or court decisions resulting from any collateral attack on the decision(s) identified in response to c., above.

RESPONSE:

- a. Please refer to my response to WMECo-IR-1-1a.
- b. Please refer to my response to WMECo-IR-1-1b.
- c. Please refer to my response to WMECo-IR-1-1c.
- d. Please refer to my response to WMECo-IR-1-1d.

WMECo-IR-1-3: Please identify each standard offer<sup>1</sup> procurement (and related RFP or RFQ) of any electric utility company with respect to which Mr. Yoshimura has had any involvement<sup>2</sup> and, for each such standard offer procurement, provide the following information or documents:

- a. the identity of the electric utility;
- b. a description of Mr. Yoshimura's role or involvement with such standard offer procurement and/or its related RFP or RFQ;
- c. the months and year during which such involvement took place;
- d. a copy of any RFP or RFQ that was issued in connection with such standard offer procurement;
- e. a description of the manner in which the electric utility publicized its interest in procuring standard offer supply;
- f. a description of the options on which potential bidders were invited to bid, including types of load and duration of contracts;
- g. the number of potential bidders to which an RFP or RFQ was sent;
- h. information as to whether any affiliate of the electric utility issuing the RFP or RFQ submitted a bid in response to such RFP or RFQ;
- i. the number of potential bidders attending any technical or bidders' conference;
- j. the number of bids received, and the number of such received bids that were deemed qualifying;
- k. the number of winners;
- l. information as to whether any affiliate of the electric utility was among the winning group of bidders;
- m. a copy of each contract resulting from the standard offer procurement process;
- n. copies of any summaries and/or descriptions of the standard offer procurement process that were prepared for any purpose;

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<sup>1</sup> The term (standard offer) here means standard offer as that term is used in Massachusetts electric restructuring or a comparable retail electric service offered by electric utilities in any other state as part of a transition to a competitive generation market.

<sup>2</sup> The term "involvement" means "having anything to do with," "participate in," "advise or consult on," or "contribute to."

- o. the total cost to the electric utility of undertaking and completing the standard offer procurement process.

RESPONSE:

- a. Massachusetts Electric Company and Boston Edison Company.
- b. I assisted the DOER in negotiations with Massachusetts Electric Company and consulted for the DOER with respect to the proposal of Boston Edison Company concerning the Standard Offer bidding procedure.
- c. August 1996 through June 1997.
- d. The Standard Offer bidding procedures resulting from the above-mentioned negotiations are attached. No RFP/RFQ was issued for Boston Edison Company. I do not have in my possession the RFQ issued in connection with Massachusetts Electric Company.
- e. I do not have the requested information.
- f. The attached Standard Offer bidding procedures describe the options on which potential bidders would have bid including types of load and duration of contracts.
- g. I do not have the requested information, but I believe that Massachusetts Electric Company made filings with the Department on the Standard Offer RFQ outcomes so the information requested is probably available in the public domain.
- h. It is my understanding that no affiliate of Massachusetts Electric Company bid into the Massachusetts Electric Company RFQ.
- i. I do not have the requested information.
- j. Although fourteen entities were qualified for the Massachusetts Electric Company RFQ, none of the qualified entities chose to submit bids. No bid were received by BECo because no RFP was issued.
- k. See my response to WMECo-IR-1-3j.
- l. See my response to WMECo-IR-1-3j.
- m. See my response to WMECo-IR-1-3j.
- n. See my response to WMECo -IR-1-3d and f.
- o. I do not have the requested information.

Western Mass. Electric Company  
D.T.E. 97-120  
WMECo-IR-1-4  
Witness: Mr. Yoshimura  
Dated: October 9, 1998

WMECo-IR-1-4: Refer to page 7, lines 19-20. Please provide all studies or analyses or documentary evidence of any kind demonstrating that the participation of affiliates of electric utilities in standard offer procurement bidding lowers the likelihood that "low cost/low risk providers [will be] identified and selected to supply Standard Offer Service."

RESPONSE: The requested studies, analyses or documentary evidence measuring the impact of affiliate participation on electric company Standard Offer procurement processes do not exist because affiliates have not to my knowledge previously submitted bids to their affiliated distribution company for Standard Offer service. Before this case, therefore, the problem of potential self-dealing in the Standard Offer procurement procedure was not an issue, and there was no need for such studies. However, the issue of potential self-dealing is definitely an issue in this case because, as I note in my testimony, WMECo affiliates appear poised to participate in the WMECo Standard Offer bid. It is axiomatic that a potentially biased selection process may not identify and select the true low cost/low risk provider of Standard Offer service.

WMECo-IR-1-5: Refer to page 7, lines 20-21. Please provide all studies or analyses or documentary evidence of any kind demonstrating that “the presence of potential biases [has the effect of discouraging] otherwise qualified suppliers from participating in the bidding process.”

RESPONSE: Please note that my testimony on page 7, lines 20-21 actually reads “[s]econd, the presence of potential biases may discourage otherwise qualified suppliers from participating in the bidding process.” My testimony goes on to say “[g]iven the fact that WMECo is not a neutral party, the structure and potential application of the bidding procedure becomes more critical so as to encourage potential bidders to incur high opportunity costs associated with the substantial amount of time and effort needed to develop a competitive offer.”

The above statements are primarily based on my own professional experience. Since 1992, I have been working as a consultant. The consulting market is highly competitive. As a Senior Manager in XENERGY Consulting, Inc., I participate on a management team that meets once a week to review and discuss RFQs or RFPs that have been issued by various potential clients.<sup>3</sup> The primary purpose of this weekly meeting is to decide whether or not to commit resources to draft a proposal in response to RFQs/RFPs. Depending on the scope of work and the amount of potential revenue, drafting a competitive response could take one or more consultants several days or weeks. Consulting firms earn no income from drafting a proposal. In addition, drafting proposals takes time away from other income-earning projects. Finally, since the consulting market is competitive, there is no guarantee that the proposals we create, no matter how good we think they are, will be selected by the potential client. Since the opportunity costs are very high, the decision whether to respond to an RFP/RFQ is a highly important one. Any intelligence that we might receive regarding potential biases in the selection process would strongly influence our decision to participate. For example, if we perceive that a bid process is “hard-wired,” i.e., that the potential client may be pre-disposed to selecting a particular consultant, we will not bid.

In addition, the above statements were informed by my participation on the bench during rulemaking proceedings in which the design of competitive bidding systems was an issue. In those proceedings, parties were concerned about potential “self-dealing” in circumstances where utility companies or their affiliates are allowed to bid in the host utility’s service territory.

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<sup>3</sup> As a Senior Consultant for the firm La Capra Associates, I performed a similar function.

Western Mass. Electric Company  
D.T.E. 97-120  
WMECo-IR-1-6  
Witness: Mr. Yoshimura  
Dated: October 9, 1998

WMECo-IR-1-6: Refer to page 15, line 16 through page 16, line 3. Please identify any standard offer procurement process of which Mr. Yoshimura is aware in which such a multiple bidding rounds process was used. For each such process, identify the electric utility and describe in detail how the process worked. In addition, if not already provided in response to information request no. 2, please provide the information requested in that interrogatory for the multiple bidding rounds procurement process identified in response to this information request.

RESPONSE: The Massachusetts Electric Company and the Boston Edison Company Standard Offer procurement processes were both designed to use multiple rounds of bidding. The documents submitted in response to WMECO-IR-1-2 explains in detail how this process was designed to work. Specifically, please refer to the description of the "Alternative Individual Year Auction." These processes were reviewed and approved by the DTE.

Western Mass. Electric Company  
D.T.E. 97-120  
WMECo-IR-1-7  
Witness: Mr. Yoshimura  
Dated: October 9, 1998

WMECo-IR-1-7: Refer to page 18, lines 7 through 15. Please provide all studies or analyses or documentary evidence of any kind demonstrating that generation suppliers responsible for covering long term costs will perceive short term contracts as less risky than long term contracts.

RESPONSE: My testimony on the referenced pages and lines does not say or imply that “generation suppliers responsible for covering long-term costs will perceive short term contracts as less risky than long term contracts.” Rather, the referenced testimony says that the period over which the Standard Service is being offered is a highly uncertain period with which all players have little experience. Events over the next few months and years could greatly influence the overall course of the market such as new government policies and regulations affecting suppliers and customers in a restructured market, the successful operation of Millstone 2 and 3 and its effect on New England prices and capacity situation, FERC rulings concerning the New England ISO, the entrance of new producers into the market, the opening of retail markets in other states in the region, additional generation asset divestitures in the state and region, overall customer response to restructuring, the movement of customer load from the Standard Offer to other power products, etc. Given the many changes that are likely to happen over the next six years, requiring suppliers to bid to provide power for the entirety of this highly uncertain period unnecessarily compounds the risks that Standard Offer generation suppliers must take into account in their price offers.



Western Mass. Electric Company  
D.T.E. 97-120  
WMECo-IR-1-8  
Witness: Mr. Yoshimura  
Dated: October 9, 1998

WMECo-IR-1-8: Please provide any and all press releases issued by, or public statements made by, any representative of XENERGY between October 2, 1997, and the current date, relating to XENERGY's business plans or activities in connection with the provision of electricity related services, including but not limited to the provision of generation services and the provision of retail electric service.

RESPONSE: I do not have in my possession, nor am I aware of, any press releases or public statements made by a representative of XENERGY Consulting, Inc., the company with whom I am employed, between October 2, 1997 and the time of this writing, relating to business plans or activities in connection with the provision of electricity related services such as the provision of generation services and the provision of retail electric service. Also refer to my response to WMECo-IR-1-10.

Western Mass. Electric Company  
D.T.E. 97-120  
WMECo-IR-1-9  
Witness: Mr. Yoshimura  
Dated: October 9, 1998

WMECo-IR-1-9: Please provide copies of any and all newspaper articles, magazine articles or trade press articles published between October 2, 1997, and the current date, in which XENERGY's business activities or business plans in connection with the provision of electricity related services, including but not limited to the provision of generation services and the provision of retail electric service, are discussed.

RESPONSE: I do not have in my possession, nor am I aware of any newspaper articles, magazine articles or trade press articles published between October 2, 1997 and the time of this writing in which the business activities or plans of XENERGY Consulting, Inc., with respect to electricity related services such as the provision of generation services and the provision of retail electric service, are discussed. I do have in my possession some trade press articles in which XENERGY Inc., the parent company of XENERGY Consulting, Inc., is named in connection with work it is conducting with respect to the Massachusetts High Technology Council ("MHTC"). XENERGY Inc. assisted the MHTC in choosing a supplier of generation services to serve MHTC member loads. Copies of these articles have been enclosed. I am aware that XENERGY Inc. is conducting similar work for the Massachusetts Operational Services Division, the state agency responsible for purchasing generation services, among other things, for state facilities located throughout the state.

Western Mass. Electric Company  
D.T.E. 97-120  
WMECo-IR-1-10  
Witness: Mr. Yoshimura  
Dated: October 9, 1998

WMECo-IR-1-10: Please describe in detail XENERGY's business activities undertaken or business plans under development during the past year relating to the provision of electricity related services, including but not limited to the provision of generation services and the provision of retail electric service.

RESPONSE: It is my understanding that XENERGY Consulting, Inc. has no plans to provide electricity related services such as the provision of generation services and the provision of retail electric service. It is my understanding that XENERGY Inc., the parent company of XENERGY Consulting, Inc., has no current plans to provide generation services or retail electric services to retail electricity customers. Rather, it is my understanding that XENERGY Inc.'s most recent business plans are to provide consulting services to assist clients, or aggregations of clients, in deciding how to choose a supplier of generation services that best meets the needs of such clients. In other words, it is my understanding that XENERGY Inc. plans to offer services in which XENERGY Inc. would act as a "buyer's agent" for clients. Under this concept, XENERGY Inc. would not act as a supplier of retail generation services. Rather, XENERGY Inc. would assess regulatory and market conditions, assess client energy needs, draft and issue RFPs to procure generation supply for clients, evaluate generation supply proposals, present recommendations to clients, and negotiate generation supply contracts.

Western Mass. Electric Company  
D.T.E. 97-120  
WMECo-IR-1-1a  
Witness: Mr. Yoshimura  
Dated: October 9, 1998

## BULK RESPONSE